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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

November 26, 2008

Diane Berry, Executive Director
Haven of Grace
1225 Warren St.
St. Louis, MO 63106

RE: Review of Haven of Grace, Federal Emergency Shelter Grant (FESG),
Document #56053, CFDA #14.231, (Project #2008-HOM23)

Dear Ms. Berry:

Enclosed is a report of our fiscal monitoring review of the Haven of Grace, a not-for-profit organization, FESG Program, for the period January 1, 2007 through December 31, 2007. The scope of a fiscal monitoring review is substantially less than an audit and, as such, we do not express an opinion on the financial operations of Haven of Grace. Our fieldwork was completed on May 27, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Department of Human Services (DHS) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc Patrick Brennan, Fiscal Manager, Department of Human Services
Antoinette Triplett, Program Manager II, Homeless Service – DHS



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES
HOMELESS SERVICES*

*HAVEN OF GRACE
FEDERAL EMERGENCY SHELTER GRANT (FESG)
DOCUMENT #56053*

CFDA # 14.231

FISCAL MONITORING REVIEW

JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

PROJECT #2008-HOM23

DATE ISSUED: NOVEMBER 26, 2008

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
HAVEN OF GRACE
FEDERAL EMERGENCY SHELTER GRANT (FESG)
FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
HAVEN OF GRACE
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FISCAL MONITORING REVIEW
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**

INTRODUCTION

Background

Contract Name: Haven of Grace

Document Number: 56053

CFDA # Number: 14.231

Contract Period: January 1, 2007 through December 31, 2007

Contract Amount: \$4,900.00

This contract provided funds from the Department of Housing and Urban Development (HUD), Federal Emergency Shelter Grant (FESG) to Haven of Grace (Agency) to provide transitional housing and nighttime or daytime shelter for those individuals or families that are homeless.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal (including OMB Circular A-133), state and local Department of Human Services (DHS) requirements for the period January 1, 2007 through December 31, 2007, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding the Agency's internal controls relating to the grant administered by DHS, tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was completed on May 30, 2008.

Exit Conference

We offered the Agency the opportunity for an exit conference on October 10, 2008, but the Agency declined.

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INTRODUCTION

Management's Response

Management's response to the observation and recommendation was received October 21, 2008, and has been incorporated into this report.

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SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal (including OMB Circular A-133), state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report of the 2005 FESG program dated February 17, 2005 identified the following observations:

1. The Agency did not report program income to DHS. **(Resolved)**
2. The Agency did not submit monthly financial reports in a timely manner.
(Resolved)
3. The Agency did not document its matching requirement. **(Resolved)**
4. The Agency exceeded contract budget limits for payroll expenditures.
(Resolved)

A-133 Status

We obtained a letter from the Director of the Agency, dated April 23, 2008 stating that an A-133 Audit was not required because the Agency did not expend \$500,000 or more in Federal funds for the year ended December 31, 2007.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local DHS requirements.

- The Agency did not require two authorized signatures on checks.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES**

The Agency does not require two signatures on checks

The Agency does not require two authorized signatures on the checks.

The Department of Human Services policy guidelines require the Agency to have two authorized personnel sign checks.

Funds may be spent improperly or misappropriated when only one individual signs disbursement checks.

Since the Agency uses an accounting firm for its services, the Board has decided that one signature is all that is necessary.

Recommendation

We recommend the Agency comply with DHS policy guidelines and require two authorized signatures for all checks. The Agency may also request a waiver from DHS.

Management's Response

We are in receipt of your recommendation regarding the requirement of two authorized signatures on our checks. While we will agree to set up such a procedure should you indicate it is mandatory, we feel we have sufficient protection from misappropriation in place with our current arrangement and therefore request a waiver from your recommendation.

The system we employ requires approval from either the Executive Director or an authorized member of the Board of Directors to our outside independent accounting firm, and then an approval signature from an authorized agent of the accounting firm. In this way we have the authorization from two personnel for every check we issue. This system gives the review and approval aspects to insure safe responsible handling of funds.

Auditors Response

The Agency needs to send a formal request for a waiver on this requirement to Homeless Services.